



**MCI Communications
Corporation**

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November 21, 1997

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, N.W. -- Room 222
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: Ex Parte CC Docket No. 96-98/ RM9101 - Implementation of the Local
Competition Provisions of the Telecommunications Act of 1996

Dear Mr. Caton:

A copy of the enclosed was delivered today to Jake Jennings, Radhika Karmarkar, Wendy Lader, Brent Olson, David Kirschner, Michael Kende, Florence Setzer, Don Stockdale and Richard Welch for inclusion in the record in the above referenced proceeding.

Two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Sincerely,

Amy G. Zirkle

Enclosure

cc: Jake E. Jennings
Radhika Karmarkar
Wendy Lader
Donald K. Stockdale Jr.
Michael Kende
David Kirschner
Florence Setzer
Brent Olson
Richard Welch

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The following are offered as suggestions for inclusion in a Notice of Proposed Rulemaking regarding the LCI/CompTel petition.

In response to the comments of interested parties in RM 9101, pursuant to Public Notice DA No. 97-1211 ("Comments Requested on Petition for Expedited Rulemaking to Establish Reporting Requirements and Performance and Technical Standards for Operations Support Systems") (June 10, 1997), the Commission has reached the following tentative conclusions. Because most of the issues identified in this Notice have already been addressed in the parties' comments in response to DA 97-1211, the Commission finds that an extended comment period is unnecessary. Comments in response to this Notice must be filed within 15 days of the date of release of this Notice, and reply comments 15 days thereafter.

The Commission has the authority to (I) require incumbent local exchange carriers ("ILECs") to gather and report information on the quality, accuracy and timeliness of service they provide to themselves, their affiliates, end users, and competing local exchange carriers ("CLECs"); (ii) establish uniform requirements for the types of functions ILECs must measure, the methodology for each measurement, and the frequency and content of reports for such measurements; and (iii) establish minimum national standards of performance in order to ensure that ILECs provide service to CLECs on reasonable terms and conditions.

In order to fulfill the Act's requirements that ILECs provide access to resold service, unbundled elements (including Operations Support Systems ("OSS")) and interconnection on reasonable, nondiscriminatory terms, uniform rules are needed for the content and frequency of ILEC performance reports. The Commission concludes that standardized definitions of what functions are to be measured and how the measurements are to be calculated and reported will assist this Commission, state regulatory bodies, and telephone service providers in determining whether ILECs are providing service to CLECs on reasonable, nondiscriminatory terms and conditions.

The Commission finds that the performance measurements proposed by the Local Competition Users Group ("LCUG"), including the specific categories and formulas specified in the Service Quality Measurements ("SQM") document prepared by LCUG (Version 6.1, (September 26, 1997)), attached to and incorporated as part of this Notice, represent an initial group of performance measurement requirements that we will adopt. We further require that by December 30, 1997, all ILECS must meet the LCUG measurement and reporting requirements as contained in the SQM, Version 6.1.

In order to assist the Commission and interested parties in assessing performance and current reporting capabilities, ILECs must produce to the Commission all performance reports or other performance data prepared by the ILEC since January 1, 1996, relating to any of the functions described in the SQM document. These reports will be available for public inspection and should include, but should not be limited to, data gathered for state and federal agencies and for any internal analysis, including employee evaluations. Customer names may be redacted

type of information in the historical reports should be redacted or submitted pursuant to a Protective Order.

The Commission reaches the tentative conclusion that the LCUG SQM presents a comprehensive measurement and reporting plan. Further, the Commission concludes that the LCUG SQM contains benchmarks that can serve as a means of ensuring service on reasonable terms. All future performance reporting should comply with the LCUG SQM guidelines and should separately report the ILECs' provision of local exchange service functions to (i) themselves; (ii) their affiliates, including Bell Operating Company Section 272 affiliates; (iii) ILEC end-users; (iv) CLECs as a group; and (v) individual CLECs, in order to assure three-way parity among ILECs' end users, ILECs' affiliates and unaffiliated CLECs. The Commission further recognizes that there may be additional categories or measurements that are necessary for the provision of local service and the assurance that CLECs are at parity with the ILECs. To that end, we seek comment to determine what additional measurements and calculation methodologies should be required, above and beyond those contained in the SQM document.

Although the establishment of state-specific or ILEC-specific standards needed to ensure parity should be undertaken by state regulatory bodies, the Commission believes it is better equipped to establish minimum national performance standards needed to ensure that CLECs have a meaningful opportunity to compete, that is, to fulfill the Act's requirement that access to resale, unbundled elements and interconnection be provided on *reasonable* terms and conditions. Minimum national standards should serve as a floor for ILEC performance to CLECs; greater quality service may be required to meet the Act's independent requirement of *parity*. Minimum national performance standards are needed where (i) no measurement of parity is possible (*i.e.*, the function the ILEC performs for the CLEC has no analogue in a function the ILEC provides to itself), or (ii) where the level of performance as to functions ILECs do perform for themselves or their affiliates, according to ILEC reports, is inadequate to meet the Act's independent requirement of access and interconnection on reasonable terms and conditions. The Commission seeks comment on an appropriate procedure to consider and resolve any claims by an ILEC that it would be unreasonable to require it to comply with a particular standard contained in the SQM document.

The frequency of ILEC reporting is a critical issue. In addition to any reporting required by state commissions or by contract, the Commission tentatively concludes that the reports outlined in paragraph 5, above, should be submitted to the Commission on the fifth scheduled business day following the close of the calendar report month, beginning February 2, 1998, until further notice.

The Commission further concludes that performance reporting requirements and minimum national standards are insufficient to establish service on reasonable, nondiscriminatory terms, unless they are coupled with self-executing remedies sufficient to deter inadequate service to ILEC competitors. The Commission believes that performance credits should be established based on a per-occurrence basis and based on overall performance. Such credits should not, however, be in lieu of any damages or other relief available to CLECs, including damages at law. In addition, the Commission concludes that performance audits are

necessary to verify ILEC reports and performance. The Commission tentatively concludes that state commissions are best situated to establish such self-executing remedies and audit requirements.